

WASHINGTON POST 3/2/83

EPA Part-Timer's Firm Target of Hazards Suit

By Dale Russakoff
Washington Post Staff Writer

The general counsel for an Indiana chemical company worked at the Environmental Protection Agency as a part-time consultant last year while the EPA was suing his firm for allegedly creating one of the nation's most hazardous waste sites.

Robert Polack, lawyer for Reilly Tar and Chemical Co. of Indianapolis, said yesterday that there was nothing improper about his work at EPA because he kept "an absolute impermeable stone wall" between himself and officials involved in the toxic waste program.

"I have been obviously reading with interest and concern what's going on at EPA," Polack said in a telephone interview, "but I feel as if my brief tenure there was directed solely to management assistance on a very narrow spectrum."

Polack worked as a consultant to ousted assistant administrator John P. Horton from July, 1981, until July, 1982, according to agency records. Horton, who was in charge of EPA administration until he left the agency last week as part of a major management shakeup, said yesterday that he knew before hiring Polack of his relationship with the Reilly firm and saw no problems since Polack's work was unrelated to the Reilly suit.

The agency's ethics officer said the relationship posed no conflict of interest, and officials circulated a memo in the hazardous-waste office instructing employees to "exercise care not to inadvertently disclose confidential information to Mr. Polack."

However, hazardous-waste officials said they had serious concerns about Polack's presence at the agency and repeatedly asked the general counsel's office to examine possible conflicts.

The concerns peaked last spring,

they said, when Reilly Tar asked for a meeting with EPA lawyers to discuss an out-of-court settlement of the agency's lawsuit, which charges that the company contaminated drinking water supplies in St. Louis Park, Minn., with cancer-causing chemical wastes from a coal tar distillation plant.

"We saw there was a potential for a conflict of interest and we promptly asked our legal office for a determination," said Mike Kozakowski of the enforcement section of the hazardous waste program.

By the time the session was held, on Aug. 24, 1982, Polack was no longer on the EPA payroll. An agency spokesman said that his contract officially ended on July 26, and that he was then free to represent his company in negotiations with the agency.

But the close timing apparently caused some discomfort in the government. "People went into that meeting and suddenly there's this guy from Horton's office sitting there with Reilly Tar. Sure it makes you uncomfortable," an official said.

The suit calls on Reilly Tar to pay to clean up the contamination, a project that agency officials said could cost more than \$100 million. Several drinking-water wells have been forced to shut down because of the poisoning, according to agency documents. Minnesota officials have ranked it as the state's most hazardous waste site.

Polack said his assignment at the EPA was to propose improvements in the contracting system run by Horton, who was in charge of general administration. He said he did not seek the job, but was contacted by agency officials "as a person who'd worked in a prior Republican administration." Polack ran a contracts program in the Department of Defense during the Nixon administration.

US EPA RECORDS CENTER REGION 5



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12/26/82 N.Y. TIMES

Toxic Chemicals in Drinking Water Disrupt Life in 2 Suburbs of Minneapolis

BY NATHANIEL SHEPPARD Jr.

Special to The New York Times

NEW BRIGHTON, Minn., Dec. 24—Each day Harry Werlein comes home from work carrying several large containers of water that he has purchased or obtained from his job in St. Anthony, three miles away.

He has done this since July, when the Minnesota Pollution Control Agency conducted tests at his home and concluded that the well he and his family had used for 10 years was heavily contaminated with toxic chemicals.

The agency also found that much of the ground water supplying this Minneapolis suburb of 23,500 people was seriously contaminated by trichlorethylene and other carcinogenic industrial byproducts that had seeped into the area's soil.

Health officials from the agency say New Brighton and St. Louis Park, another Minneapolis suburb with 49,000 residents, have the most serious ground water contamination from hazardous wastes of any municipality in the state.

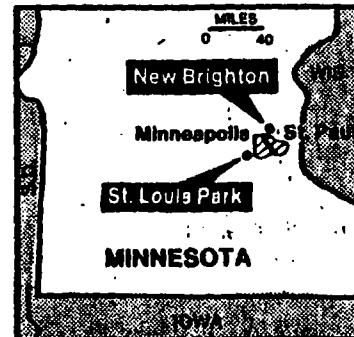
Sites in both cities were included on the Environmental Protection Agency's list of the nation's 418 most hazardous dump sites, but state and Federal officials disagree on the severity of the problems in the two cities.

The Federal agency's list, released last Monday, named the FMC Corporation's landfill near the Mississippi River in Fridley, Minn., as the site posing the gravest threat to a municipality. Toxic solvents dumped at the Fridley site for more than 20 years have spread through the soil and are being discharged into the river about half a mile upstream from the intake pipes for the Minneapolis water system. But state health officials say no high levels of contamination have been found, and Fridley's Director of Public Works, John G. Flora, said his city had experienced no municipal water problems because of the two dumps there.

But state officials assert that waste sites in St. Louis Park and New Brighton pose documented health hazards that are far more severe than those at Fridley.

Testing done by the Minnesota pollution agency found that all seven of the New Brighton's municipal wells were contaminated by trichlorethylene, some with concentrations as high as 270 parts per billion. Under Federal standards, levels of 27 parts per billion or higher are considered dangerous to human health.

The concentration of trichlorethylene found in the Werlein family's well was 310 parts per billion. Extremely high



The New York Times/Dec. 24, 1982

Ground water was seriously contaminated in two communities.

levels of dichlorethylene were also found in their well.

Because of the contamination, two of the city's municipal wells were closed and redrilled deeper. The remaining wells are too small to allow deeper drilling, and new ones will have to be drilled.

In the meantime, residents are getting water from the two redrilled wells and from another well in which concentrations of trichlorethylene were below 27 parts per billion.

But for the Werleins and 40 other families whose private wells were contaminated, the problem is more severe because they are not able to tie into municipal sources of water.

As a result, the Werleins say they have had to use the polluted water despite warnings from health officials that it was not suitable for any use.

"We still use the water to take showers and try not to get it in our mouths, and we use it to wash clothes in," said Carol Werlein. "We also use it to wash dishes, but we rinse them with the clean water."

Unexplained Stomach Disorders

Mr. Werlein said that some members of his family had experienced unexplained stomach disorders but that tests by physicians had not turned up a cause. He said he could not help but suspect that drinking contaminated water over a period of years might be responsible.

Scientists have difficulty gauging the precise health effects of drinking contaminated water, partly because there is a long period between exposure and the appearance of symptoms in humans and partly because such habits as smoking can cause complications.

But it is known that industrial byproducts and other synthetic organic chemicals, when ingested, can cause

mild to serious health problems. At high concentrations a single exposure can cause nausea, dizziness, tremors, blindness, skin rashes and other maladies. Long-term exposure at low concentrations can lead to problems that may be fatal.

Even at high concentrations these compounds are tasteless and odorless and thus cannot be detected without sensitive chemical tests.

New Brighton's three wells provide an adequate supply of drinkable water in the winter, according to Leslie Proper, the city's director of public works. "The only difference is that the water is a little warmer, softer and looks like apple juice because of the higher iron content it contains," he said.

The critical period is the summer, when demand for water more than triples, he said. Last summer the city had several water emergencies in which the use of water was restricted. To meet next summer's demand the city must drill at least two new wells, at a cost of about \$3 million, Mr. Proper said.

Suspicious About Plant

The suspected cause of the pollution in New Brighton is the Twin Cities Army Ammunition Plant, directly across from the Werleins' home on the other side of Highway 10.

The Federal plant is operated by the National Cartridge Company. The Federal list of toxic sites did not mention the plant because it excluded dump sites at Federal installations and sites still in operation.

In St. Louis Park, the problem resulted from wastes at a creosote pole-treating plant operated by the Reilly Tar and Chemical Company for 30 years until 1972, according to Paul W. Hoff, a spokesman for the Minnesota pollution agency. He said his agency considered the St. Louis Park dump the most serious in Minnesota.

A byproduct of the Reilly operation was polynuclear aromatic hydrocarbons, also known as coal tar waste. Much of the pollutant was dumped in an abandoned well on the company's site, which allowed the contaminant to make its way easily into four connecting aquifers that provide water for the city.

As a result of pollution, six of St. Louis Park's 13 municipal wells were closed along with one in adjacent Hopkins. The city has dug a new deeper well and is making plans to tie into wells in neighboring communities.

State officials estimate that it will cost \$10 million to clean up the Reilly site and have sued the company in an effort to have it held responsible.



North
wind
by Jim Nagel

Polluted wells put city in bind

"In plain and simple terms, the Army is screwing us. It's akin to saying, 'Prove it.'"

That's how New Brighton Mayor James Sinden described the U.S. Army's reluctance to take blame for carcinogenic pollutants discovered in some city wells earlier this summer.

The Twin Cities Army Ammunition Plant (TCAAP) in Arden Hills is believed to be the source of the contamination.

If the Army refuses to accept the blame, federal funds for cleaning up the city water and preventing future contamination will be difficult to obtain.

"That puts us in a bind because we will be ordered by the Pollution Control Agency (PCA) to do something," Sinden said. "We will have to come up with that money, either by raising taxes or by a special bond referendum. Then we'll have to go to court to get that money."

"There's no question in anybody's mind they (the TCAAP arsenal) are the source (of the pollution)," Sinden said. "Their own tests tell them that's the case. The PCA, the Health Department, everybody says it's coming from the arsenal. But the Army is powerful. Please see Wells/2N"

Wells

Continued from Page 1N

The law is quite clear: the polluter pays. The question is, when does he pay, now or after a long and costly court battle. It's for this reason we've been working with Congressman Bruce Vento to get the Army to accept responsibility.

In a letter to Vento, Joel E. Bomer Jr., an assistant secretary of the Army, wrote: "There is presently insufficient data to conclude that the TCA (trichloroethylene) in New Brighton's water supply originated from the TCAAP."

But in a letter to Owen Q. Mahoney, commanding office representative at the arsenal, Louis J. Brumhard, executive director of the PCA, said: "The pattern of contamination clearly shows that the TCAAP site is the major source of such contamination in the area. We are requesting that TCAAP assume the responsibility for sampling ... wells listed by the PCA to better identify the public risk from

such contamination."

Brumhard's letter explains that the PCA has determined there is no ground water pollution north, south or east of the arsenal. Only to the southwest have the traces of chemical solvents showed up. That's the direction ground water flows from the arsenal and contamination decreases with increasing distance from the arsenal, he said.

In addition, the PCA has found no source other than the arsenal that fits "the geological location, waste disposal, material used and contaminant concentrations as well as does the TCAAP site."

In July, after water pollution was discovered in New Brighton wells, the city ceased using the wells with highest concentrations of chemical contaminants and is pumping from non-polluted wells.

Last week the council approved a contract with Senco Laboratories of Roseville for continuous testing of the city's wells at an estimated cost of about \$600 a month.

St. Louis Park closes its 7th water well

Associated Press Tribune
9/12

A seventh well in St. Louis Park has been closed because of contamination from the old Refilly Tar and Chemical plant.

The latest well closing has forced the western Minneapolis suburb to arrange with the suburb of Plymouth for drinking water and to ban sprinkling.

City Manager James Brimeyer said a new well will be drilled. A state health department spokesman said the well was closed last week after tests showed that the water contained unusually high levels of benz(a)pyrene.

Mike Convery, a health department hydrologist, said test samples will be sent to Iowa and will be checked by the department.

Since well contamination was observed in the municipal water system in 1978, seven of St. Louis Park's 14 wells have been closed.

Convery said it appears that contaminated groundwater is drawn toward operating wells as other are shut down.

Septic systems to be checked

Duluth 9/14

A survey of septic systems along the North Shore will begin today with hopes of spotting — then correcting — defective systems that may be polluting Lake Superior.

Septic systems from Knife River south to the western boundary of Duluth Township will be examined by the township and Western Lake Superior Sanitary District inspectors.

More than 200 homes and businesses along the area have septic systems, and many of them are believed to be defective.

About three-fourths of the 140 or so homes in Knife River have faulty systems, according to

Knife River officials. Sewage there is seeping into the Knife River. Community officials hope someday to install a sewage collection and small treatment plant to solve the problem.

The septic system survey was prompted by local officials concerned about possible pollution of ground and surface waters.

A 12-member citizens' committee will monitor the study and make recommendations. The committee will develop a wastewater management plan for the North Shore area.

Officials expect the study to take about three weeks.



Duluth: Loggers file suit claiming misappropriation of BWCA funds

The Professional Loggers Association has filed a suit in U.S. District Court in Duluth claiming the federal and state governments have violated members' logging rights under the 1978 Boundary Waters Canoe Area (BWCA) Wilderness Act.

The suit is being brought by eight loggers from the Ely and Grand Marais areas against the federal government, U.S. Secretary of Agriculture John Block, the state of Minnesota and Minnesota Natural Resources Commissioner Joseph Alexander.

The loggers contend 70 percent of

the more than \$11 million appropriated annually to enhance timber production in the BWCA Wilderness is being spent in other state, county and private forests outside the area.

"Money at the federal and state levels is not being distributed correctly. The bill says where the money will be spent — the Superior National Forest," said Keith Brownell, attorney for the loggers.

Compiled from staff reports and Tribune news services.

→ Bob Lennin

note

Duluth 9/9

Coastal council monitors slurry plan for lake water

MADISON, Wis. (AP) — Wisconsin's Coastal Management Council is closely monitoring plans to use Lake Superior water to help move western coal to Superior-Duluth, Allen H. Miller, its executive secretary, said Tuesday.

Miller said the latest plan by the Powder River Pipeline Co. to use half Lake Superior water and half Western water in its proposed 1,923-mile coal slurry pipeline was the first public proposal to move large amounts of water from the Great Lakes to the water-scarce West.

While the company originally proposed using all Western water in the \$2.2 billion pipeline, its modified plan, unveiled a week ago, proposes using a return pipeline, he said.

The return pipeline would draw up to 4 billion gallons of water a year from Lake Superior. The Great Lakes contain more than 65 trillion gallons of water, or enough to fill the Grand Can-

yon 178 times over.

He said water is becoming a scarce resource, and Wisconsin and the other Great Lakes states should begin to consider policies that will ensure their water resources are not depleted by outside demands.

Seventh well is closed at St. Louis Park

By Mike Sweeney
Staff Writer

P. Press
9/11

Contamination from the old Reilly Tar and Chemical plant has closed another St. Louis Park municipal well, forcing the Minneapolis suburb to impose a sprinkling ban and to make arrangements with another suburb for drinking water.

Seven of St. Louis Park's 14 wells have been closed since contamination was discovered in the municipal water system in 1978.

City Manager James Brimyer said a new well will be drilled to ease the water shortage. Arrangements have been made to use water from Plymouth.

A Health Department spokesman said the well was closed last week after tests showed the water contained unusually high levels of the cancer-causing agent, benzo(a)pyrene.

Mike Convery, a Health Department hydrologist, said tests showed 940 parts per trillion of benzo(a)pyrene in the well. He said the department closes wells that show 2.8 parts per trillion of the chemical, and considers that level a health threat.

"What strikes us as odd is that it (the chemical level) is so high," Convery said. "It might have been a bad analysis."

Convery said samples were sent to Iowa for testing and will be checked by the department.

The concentration of benzo(a)pyrene in the well is the highest encountered in St. Louis Park wells, Convery said.

Another well was shut down in August when tests uncovered polynuclear aromatic hydrocarbons.

St. Louis Park began closing wells in 1978 when officials found contamination at four sites. A fifth was closed in December, 1979.

Convery said it appears contaminated groundwater is drawn toward operating wells as others are shut down.

Wood Preservatives

INDUSTRY LACKS OBJECTIVITY, SAP SAYS; EXPOSURE DATA NEEDED ON SOME CHEMICALS

More data are needed on human or worker exposures to pentachlorophenol and creosote, according to a Scientific Advisory Panel report on the Environmental Protection Agency's plans to regulate wood preservatives.

The report, issued July 15, strongly criticized industry representatives who spoke before the panel on the two chemicals and on inorganic arsenicals.

"The panel deplores the lack of scientific objectivity of the presentations by industry concerning biological hazards of wood preservatives, and finds the industry's denial of scientific data concerning the mutagenicity and carcinogenicity of the wood preservatives to be disturbing," the report said.

Pentachlorophenol

The panel agreed with agency suggestions that a no effect level cannot be established for pentachlorophenol because of rat litter losses and delayed skull ossification in low-dose tests.

Additional data on human exposure to the chemical are needed, particularly in light of data suggesting that the substance is photolytically converted into dioxins. The agency also needs to monitor pentachlorophenol to determine how it is used, particularly the 20 per cent of the chemical not used by the wood treating industry, according to SAP.

Over-the-counter sale of substances containing five percent or less of the wood preservative was endorsed by the panel "provided that the label requires: 1) use of protective clothing, including rubberized gauntlets, goggles, and coveralls; and 2) that all uses take place in a well-ventilated area."

The panel also would prohibit uses of the chemical likely to result in contamination of food, feed, or water, recommend use of closed systems during emptying and mixing operations, and limit application of the preservatives or use of treated wood to outdoors.

Creosote

The panel agreed with EPA's reasoning that creosote is a mutagen, but suggested that additional epidemiological studies be conducted to determine the oncogenic risk to humans.

Additional epidemiological studies on treatment workers were recommended by SAP, as well as collection of exposure data for workers in non-pressure treatment plants. Both were suggested by EPA.

The panel agreed that use of the chemical should be limited to certified applicators, but also called for an exception for farmers.

"The panel believes it unfair to small farmers to require them to seek certification in order to use creosote and recommends that ways be found of enabling farmers to use this compound," the report states.

Inorganic Arsenicals

Insufficient scientific data are available on the toxicological and oncogenic effects of inorganic arsenicals used as wood preservatives, SAP said.

More exposure data on the chemicals are needed, according to the panel, but the agency need not reconsider whether present teratology and fetotoxicity data exceed agency criteria.

The chemicals should be used while wearing dust masks and

prohibited where contamination of food, feed, or potable water is likely, the panel concluded.

SAP also recommended reducing the arsenical residues on treated wood by applying the chemicals only to clean wood.

Pesticides

PUBLICATIONS FREEZE THAWS ENOUGH TO RELEASE EPA REGISTRATION STANDARDS

Completed pesticide registration standards that have been withheld from distribution because of strict Environmental Protection Agency printing limitations will soon go out to registrants and other users, agency officials said July 29.

The decision to publish the standards resulted from complaints by state pesticide officials attending a July 8 meeting of the State FIFRA Issues Research and Evaluation Group (SFIREG).

The first standards may go out to registrants the first week in August, and probably will include standards for chloramben and for active ingredients having few registrants, according to agency officials.

Standards for ammonium sulfamate, carboxin, chloramben, Bolstar, isopropalin, bifenox, coumaphos, dialifor, and naphthaleneacetic acid are complete or nearly complete.

Printing Freeze

The standards were held up by a near-freeze on EPA printing imposed by Joan Wolfe, acting director of the agency's Office of Public Affairs (Current Report, June 5, p. 208).

Wolfe has been screening all printing requests during an agency review of publications costs directed by the Office of Management and Budget.

The Office of Pesticide Programs (OPP) June 9 sent Wolfe a memo asking for a waiver of the OMB freeze to allow printing of registration standards and various other documents, but received no response.

SFIREG Protest

At the July 8 SFIREG meeting, state officials protested the agency's decision to discontinue sending state pesticide agencies copies of each new registration standard and each OPP Weekly Operational Report (July 10, p. 335).

John Hernandez, EPA's new deputy administrator, dropped in briefly at the SFIREG meeting and later met with SFIREG chairman Gary Gingery and other state representatives.

As a result of that meeting, Hernandez July 22 signed an action memorandum that approved transmission of registration standards to the states "and other end users including registrants" and directed mailing of the Weekly Operational Report to the states.

The memorandum, originated by OPP director Edwin L. Johnson, estimated that approximately 255 copies of each standard would be required.

Pesticides

EPA LIST OF INGREDIENTS RECLASSIFIED AS INERTS TO BE PUBLISHED AS FINAL RULE

A listing of over 100 registered pesticide active ingredients that the Environmental Protection Agency plans to

U.S. funds for Reilly site cleanup arrive

By Dean Rebuffoni
Staff Writer

Tribune
12/1/82

Minnesota officials received a long-awaited, \$1.9 million check from the federal government Thursday to help clean up a hazardous-waste dump in St. Louis Park.

The money will be spent on further studies to determine how to neutralize toxic chemical wastes at the former site of the Reilly Tar and Chemical Corp. creosote plant. The Minnesota Pollution Control Agency (MPCA) considers it to be the worst of the state's 59 known hazardous-waste dumps.

Chemicals have tainted soil and shallow

beds of ground water there and have forced the closing of several wells in St. Louis Park and adjacent Hopkins. Officials are trying to prevent the wastes from spreading through the deep aquifer that underlies a portion of the Twin Cities metropolitan area.

The \$1.9 million comes from the 1980 "Superfund" created by Congress to clean up waste dumps. Anne Gorsuch, administrator of the U.S. Environmental Protection Agency, announced Aug. 18 that the money had been awarded to the MPCA. But the check didn't arrive in Minnesota until yesterday and, in the meantime, the state agency had criticized her for the delay.

Paul Hoff, an MPCA spokesman, said the bulk of the money will be spent to determine what engineering is needed to prevent the creosote wastes from spreading through the aquifer. The MPCA will coordinate its work with the U.S. Geological Survey and private consulting firms.

Hoff said his agency also will use some of the money to finish removing contaminated wastes from a deep well at the site, which is in south-central St. Louis Park. The long-abandoned well apparently was used as a major waste depository.

More than \$2.5 million already has been spent to clean up wastes at the site and to safeguard St. Louis

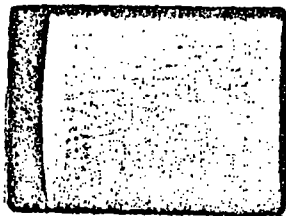
Park's drinking water. Most of those funds came from the suburb and the state, although \$400,000 was federal money.

It is uncertain how much money ultimately will be needed to contain, treat or remove contaminated wastes from soil and ground water. It has been suggested that a series of "barrier wells" be dug to prevent the spread of the contaminants. Other measures could include the pumping of tainted water to the surface, where it would be treated to remove the chemicals.

Reilly Tar and Chemical, which is based in Indianapolis, has been sued by the federal government, three

state agencies, St. Louis Park and Hopkins. They contend that the company violated public-health and environmental laws. The suit is pending in federal court in Minneapolis.

Nine other hazardous-waste dumps in Minnesota were recently given top priority for \$1.6 billion in federal cleanup money under the Superfund. Included is a dump in Fridley that federal officials consider the worst of the nation's 418 most dangerous waste disposal sites. The MPCA has disputed that contention, saying the St. Louis Park site is the worst in this state.



More aggressive PCA

Minnesota can expect to see an aggressive Pollution Control Agency develop (or redevelop) under Rudy Perpich, who takes over as governor today. He already has designated Sandra Gardebring to become director of the agency — as she was in his earlier administration.

Of at least equal significance, Mr. Perpich will have the opportunity during his first year in office to appoint the majority of members of the citizens board that sets policy for the PCA. Terms of the remaining members will expire during the second year of the new governor's four-year term.

Mr. Perpich has met several times in recent months to discuss environmental and energy matters with Steve Gadler of St. Paul, an outspoken former member of the PCA board. Mr. Gadler came to symbolize the PCA in the view of many Minnesotans. He was not reappointed by Gov. Al Quie, but wants to get back on the board and very likely will. It would be good to have him back. Some other members from an earlier, more aggressive PCA era reportedly also are interested in returning to the board.

The PCA under Mr. Quie became a more conservative organization than it had been, but the last three Quie appointments never were confirmed by the Senate and so those seats actually are open to Perpich appointees. Terms of three current members expire in 1983, so Mr. Perpich can have his own choices in six of the nine seats almost immediately. The new governor is not expected to appoint an environmental consultant to his Capitol staff, but instead to rely on his own interest and initiative — and his key PCA appointees — to stay on top of environmental issues.

The administration's stance on environmental issues is of vital importance to Minnesotans. This is a state highly dependent upon natural resources for its livability and for making a living as well. Oftentimes environmental and economic considerations appear to conflict and it's safe to expect there will be more talk than ever of "jobs or environment" as economic problems grow in the state.

If Mr. Perpich is careful in his selections, he can provide Minnesota with a PCA citizens board composed of people dedicated to environmental protection who can also help guide economic recovery along non-destructive paths. Clear-headed decisions, openly arrived at, by the PCA can do much to assure Minnesotans they can have clean air, clean water and a livelihood.

WHADAYA GOT THERE. EINAR, SPRING WATER?

ARE YOU KIDDING?
THIS IS AN INVESTMENT, GUNNAR.
IT'S GONNA MAKE ME RICH. I BOUGHT
TWENTY GALLONS OF PRE-FLUORIDE
WATER FROM BRAINERD.

YOU ACTUALLY DROVE UP THERE AND
PAID FOR THAT BOTTLED WATER? YOU'RE
NUTS. WHO ARE YOU GONNA SELL IT TO?

TOURISTS, GUNNAR. OR MAYBE EVEN THE
MINNESOTA HISTORICAL SOCIETY. DOESN'T
THAT SOUND LIKE A SHREWD INVESTMENT?

OH, SURE. SAY, I'VE GOT A BRIDGE I'D LIKE
TO SELL YOU.

OR CAN I INTEREST YOU IN
SOME RARE ST. LOUIS PARK WATER WITH A
TOUCH OF CREOSOTE IN IT? YOU KNOW,
THE GENUINE STUFF THEY USED TO GET BEFORE
THEY SHUT DOWN THOSE WELLS.

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Minneapolis Star

Private Reilly Tar & Chemical Is Cashing in on Pyridines and Tar

Continued from page 1

chase of new plant facilities—an expansion which contributed to growth in its product line.

By 1950, the Minneapolis and Indianapolis plants had been moved to different locations; two wood-preserving plants had been built in Norfolk, Va., and Lima, Ohio; and four tar refineries had been built in Renton, Wash.; Ironton, Utah; Cleveland, Ohio; and Lone Star, Texas.

And in 1936, Reilly Tar & Chemical made the only acquisition of its 86-year history by acquiring the International Combustion Tar & Chemical Corp. out of receivership. With the purchase came six more tar refineries.

During those years, the company's product line came to include coal tar pitch, other grades of pitch used to make roofing compounds and coal tar enamel, a coating used for the protection of underground pipelines.

But around 1950, Reilly Tar & Chemical began synthetically producing pyridines, compounds which had previously been extracted naturally from coal tar. It was the beginning of a new era for the firm.

Today, the company, which employs 700 people worldwide, owns two chemical plants, one in Indianapolis (1500 S. Tibbs Ave.) and one in Tertre, Belgium; and four

vitamin in Antwerp, Belgium, late this year.

According to Thomas Reilly Jr., the venture was pursued because of Degussa's worldwide marketing operations and financial resources. Vitachem will produce and market the vitamins for both humans and animals all over the world to other companies that sell them to consumers.

In fact, all of Reilly Tar & Chemical's products are non-consumer. And that's not by accident. Said Thomas Reilly Jr., "It is corporate policy not to sell consumer products. We want to be a supplier to industry."

The basic advantage of that policy, he said, is that the company is "saved from the headaches" of being consumer-oriented. The disadvantage, however, is that other businesses, particularly the ones the size that his company serves, are very savvy buyers.

So Reilly Tar & Chemical goes on being the private, silent intermediary and pumping money into its future. The company is in the process of completing an \$11 million expansion of its chemical production and research facilities in Indianapolis.

"We are in the process of enhancing a number of programs to improve our position as a specialty chemical manufacturer," said Thomas Reilly Jr., including research and marketing.

The company expects its future will be

REILLY TAR:

Family Silently Making Millions On South Side

From Coal Tar Pitch to Pyridines

by Chris Katterjohn

In a 1,000-page organic chemistry textbook, pyridine compounds are covered in only about two or three pages. But for Reilly Tar & Chemical Corp., the chemicals are big business.

In fact, the Indianapolis firm, which also produces coal tar pitch and creosote, is the world's largest producer of pyridines, and the only one in the U.S.

The compounds, of which there are several hundred, are used for a wide variety of purposes, including the manufacture of agricultural, pharmaceutical and rubber chemicals, and in industrial processes as solvents and catalysts.

Forms of pyridines are used in making such consumer products as Head n Shoulders (the shampoo), Cepacol mouthwash and Paraquat, the herbicide currently being used in the war against marijuana. Two-vinylpyridine, a product used to adhere tire tread to the rest of the tire, is found under nearly every automobile in the world.

Its virtual monopoly in the U.S. and its leadership in the research of pyridines, as well as their widespread applicability, have contributed to Reilly Tar & Chemical's growth into one of the largest privately owned companies in the city.

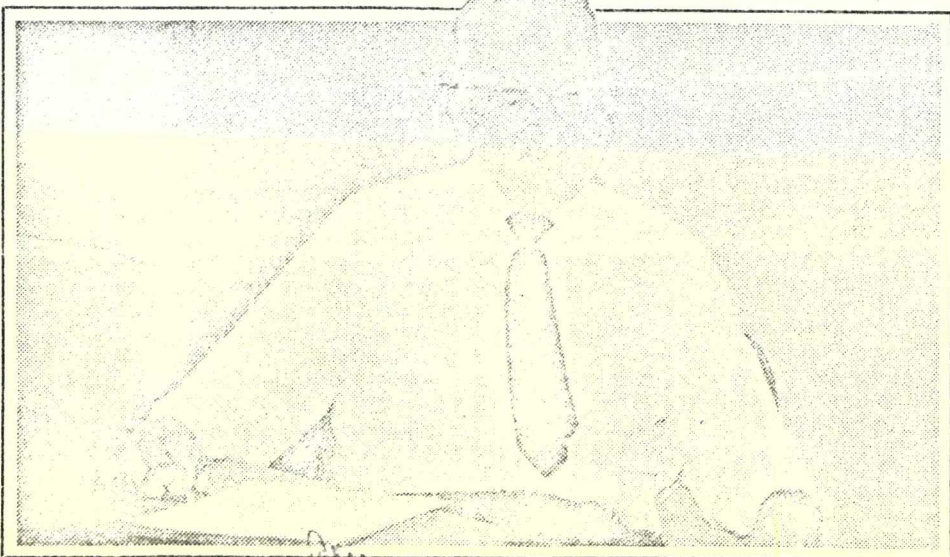
But just exactly how large is a secret that is closely guarded by members of the Reilly family. Thomas E. Reilly Jr., president, 42, said the firm's revenues were between \$100 million and \$200 million. Most observers estimate the figure is closer to the higher end of that spread.

The company was founded in 1886 in Indianapolis by Peter C. Reilly, Thomas Jr.'s uncle, who purchased a local tar distilling plant from his own employer, Childs & Co.

By 1905, when Reilly incorporated the business under the name of Republic Recosoting Co., the firm was operating plants in Mobile, Ala., and Minneapolis, and had a booming business in making creosote and treating wood blocks for streets and highways.

By 1935, the company was in the throes of a significant expansion spree via the construction and pur-

Continued on page 16




Peter C. Reilly, son of founder & chairman of the board

coal refineries in Lone Star, Cleveland, Provo, Utah; and Granite City, Ill. The wood treatment business was phased out by 1972.

One of the company's newer products, niacinamide, vitamin B-3, also has opened up new avenues for the growth. In 1980, Reilly Tar & Chemical embarked on a 50-50-joint venture, called Vitachem Co., with the German firm Degussa Corp. Together, the two companies will complete the construction of a plant to produce the

strongly supported by sales of pyridine compounds for new pharmaceutical and agricultural products currently being developed by companies like Eli Lilly & Co. and other big drug and chemical concerns. But Reilly Tar & Chemical continues to have hopes for its tar products as well, particularly if, as Thomas Reilly Jr. expects, there is a resurgence in tar-related chemistry as oil prices continue to climb.

As a healthy concern with what appears



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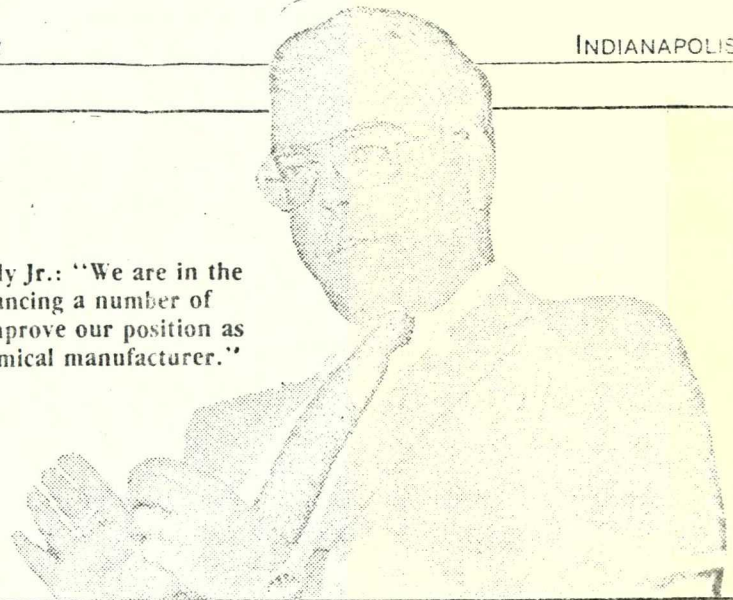
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Thomas E. Reilly Jr.: "We are in the process of enhancing a number of programs to improve our position as a specialty chemical manufacturer."



to be a solid future, Reilly Tar & Chemical is constantly courted with offers to be acquired by other companies and invitations from brokerage firms to go public. And though as sole owners, members of the Reilly family stand to gain financially from either development, they have no interest.

Says Peter C. Reilly Jr., now 75 and chairman of the board, "There are too many headaches involved in being a public company. For one thing, you have to report too much information."

He speculated the company may never have gone as far as it has in the pyridine business had it been public, because management would have been forced to convince a board concerned with shareholders' return on investment of the potential of the rather speculative industry.

Plus, he said, Reilly Tar & Chemical has never encountered the need to raise the large amount of funds that would be provided by a public offering.

Peter Reilly Jr., son of the founder, is one of the four owners of the company. When his father died as sole owner in 1952, he disbursed the ownership to his three sons and daughter. One of the sons, George A. Reilly, is deceased; his portion is in a trust.

The two other owners are Thomas E. Reilly, the president's father, of Indianapolis, and Ineva Reilly Baldwin of Madison, Wisc.

George A. Reilly's son, Robert L. Reilly, who worked for the company for several

years, resigned earlier this year as commercial manager of its chemical division. According to Robert Polack, vice president and

general counsel for the company, he resigned to pursue "independent interests."

Over the years, Reilly Tar & Chemical has also had its share of controversy. For instance, there is a federal lawsuit filed in 1980 pending against the company for allegedly polluting the land and water around its former plant in St. Louis Park, Minn., which the company closed in the early 1970s.

In addition, the company has had many squabbles with residents near its Indianapolis plant who complain that odors and pollution from the plant are causing health problems. The group, represented by the Oak Park Civic League, tried to block the company's request to the city for permits to expand the Indianapolis plant.

With the reassurance from the firm that it is in compliance with federal and state environmental regulations; admission by the company that pyridine does have "a unique odor"; and a concerted effort by the com-

pany to communicate with area residents, that problem is "improving gradually," said Polack.

Thomas Reilly Jr. explains those problems away as "chemophobia," the fear of the unknown. To help communicate with its neighbors, he said, the company started distributing a quarterly newsletter to them which explains areas of its business.

But the company's latest community project, which the Reillys consider monumental, is something most residents will not even hear about, or much less care about.

In conjunction with the chemistry department of Indiana University-Purdue University at Indianapolis, the company is sponsoring a Pyridine Symposium Oct. 21. Some 300 scientists and industry representatives from all over the world will come to Indianapolis to discuss the obscure subject of Reilly Tar & Chemical's wealth—pyridines.

Unfortunately, the symposium will do little to relieve chemophobia. ●

GET THE
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But auto industry officials pointed out in their meetings that a similar proposal was debated in Congress in 1974, and that the auto industry tacitly withheld support at that time as well, citing the enforcement and dealership problems. These officials said their position on the strategy has not changed and asserted that the Administration could best help the industry by supporting relaxed single standards (moving the 1982 carbon monoxide standard from 3.4 grams per mile to 7 gpm and keeping the nitrogen oxide standard at 1.5 gpm) that the industry — and reportedly EPA staff — are supporting. "We don't need two standards," said one key source, "all we need is one good one."

This source added that the California situation — where a second standard already exists — is unique because of geography, a desert divides the state from the rest of the nation, and thus restricts the transfer of automobiles in and out of the state as well as eliminating the borderline dealership problem (with the exception of Las Vegas, "which is a separate problem that must be addressed separately," this source said). "It just would not work on the East Coast," this source stated.

The idea also has encountered opposition from within Administration circles, according to sources. "It was obviously put forward by someone who wasn't around in 1974, and I think someone who was around then jumped on it when they got wind of it," said one source, who speculated that the idea is likely not to become an official Reagan position.

EPA LAYING BASIS FOR SUPERFUND COURT ACTION WITH LETTERS TO SITE-OWNERS

EPA officials have begun laying the groundwork for legal actions under Superfund, next week planning to send "demand" letters to waste facility owners at 3-4 Superfund sites — the letters asking for voluntary clean-up but simultaneously establishing a future official record for EPA if the companies do not offer to conduct the cleanup. Under Superfund, the President is authorized to undertake action and recover funds in cases where the "responsible party" fails to act, and EPA legal officials have concluded that to be successful in court, the "responsible party should first be given the option" to clean up the site.

Thus far EPA has contacted the "responsible parties" at two of the 20 Superfund priority sites (seeking voluntary groundwater investigation work), but the agency was turned down in both cases. EPA will next week mail 3-4 "demand" letters, requiring facility owners to respond within 10 days. If the party agrees to voluntarily carry out the work, another 45-60 days is allowed for development of the control plan.

EPA officials explained that where the site owner refuses to take voluntary action, EPA will attempt to recover the funds through court action. Seventeen priority sites were chosen by EPA the end of February (three have since been added) for a \$3.8-million engineering/design study to determine the least costly and most practical remedial action for the site (Inside EPA, March 6, p1).

EPA officials indicated that demand letters will not be sent for each of the 20 sites, for a variety of reasons, including: the responsible party cannot be determined; there is no financially liable party with a chance of recovery; or too little time exists to find the party when cleanup activities are sorely needed right away.

Demand letters are essential, an EPA official explained, because "if we don't send out a demand letter" before beginning the design studies, "we would foreclose financial recovery of the money" from the initial planning work, though the agency doesn't plan to spend more than \$400,000 for design work at any one site, sources said. Failure to recover funds for engineering and design, however, will not preclude subsequent recovery of funds for remedial actions, officials say. The two Superfund sites for which demand letters were sent were the Woburn, MA site (issued in late Feb.) and the Reilly-Tar, St. Louis, MN, site (issued in mid-April).

EPA sources say preliminary work has already started at the following four sites: Woburn, MA; Seymour Recycling Corp. (Seymour, IN); Stringfellow Landfill (Riverside, CA); and Valley of the Drums (Bullitt County, KY). Work is expected to begin by June 15 at: Kin Buc Landfill (Edison, NJ); Pas Oswego (NJ); and Denver Radium Sites (Denver, CO). Work is expected to begin by June 30 at: Bridgeport Rental & Oil Service (Gloucester County, NJ); Bruin Lagoon (Butler County, PA); Gratiot County Landfill (Gratiot County, MI); Reilly-Tar (St. Louis Park, MN); Motco (La Marque, TX); Burnt Fly Bog (Jersey City, NJ); and Arkansas City Dump (Arkansas City, KS). The starting date for the work at the remaining six priority sites has not yet been determined, sources say.

EPA sources disclosed they have selected three contractors to do most of the engineering/design work, although the actual contracts have not yet been awarded. The following are the contractors and the regions that they will serve: Camp, Dresser & McKee (regions I, II, and IV); Roy F. Weston (regions III and V); and Black & Veatch (regions VI, VII, VIII, IX, and X).

NORTHEAST STATE ATTORNEYS WILL INFORMALLY MONITOR THE CLEAN AIR DEBATE in Congress, primarily the issue of interstate impacts, and suggest possible amendments in the months to come. The working group, mainly representing New England states, came out of a 10-state meeting on interstate air pollution problems held earlier this month in New York City and hosted by the New York state attorney general's